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DEPARTMENT OF COMMERCE

International Trade Administration

[A-580-867]

Large Power Transformers from the Republic of Korea: Notice of Preliminary Results of Antidumping Duty Changed Circumstances Review

AGENCY: Enforcement and Compliance, International Trade Administration, Department of Commerce.

SUMMARY: The Department of Commerce preliminarily determines that Hyundai Electric & Energy Systems Co., Ltd. (HEES) is the successor-in-interest to Hyundai Heavy Industries Co., Ltd. (HHI), and that HHI's current cash deposit rate is the rate applicable for all entries of large power transformers exported by HEES. Further, we preliminarily determine that the application of the cash deposit rate applicable to HEES shall be made retroactively to the effective date of the first entry by HEES.

DATES: Applicable [INSERT DATE OF PUBLICATION IN THE *FEDERAL REGISTER*].

FOR FURTHER INFORMATION CONTACT: Moses Song, AD/CVD Operations, Office VI, Enforcement and Compliance, International Trade Administration, U.S. Department of Commerce, 1401 Constitution Avenue, NW, Washington, DC 20230; telephone: (202) 482-5041.

SUPPLEMENTARY INFORMATION:

Background

On August 31, 2012, the Department of Commerce (Commerce) published in the *Federal Register* an antidumping duty order on large power transformers (LPTs) from the Republic of

Korea (Korea).¹ HHI is one of the producers/exporters reviewed in the less-than fair-value investigation and has been reviewed in each subsequent administrative review of the *Order*. During the 2014/2015 administrative review, covering the period August 1, 2014, through July 31, 2015, Commerce assigned HHI an antidumping duty rate of 60.81 percent, finding that the application of total adverse facts available (AFA) was warranted.² In addition, during the 2015/2016 administrative review, covering the period August 1, 2015, through July 31, 2016, Commerce continued to assign HHI an antidumping duty rate of 60.81 percent, finding that the application of total AFA was warranted.³

Pursuant to section 751(b)(1) of the Tariff Act of 1930, as amended (the Act) and 19 CFR 351.216(d), on December 4, 2017, Commerce self-initiated a Changed Circumstances Review (CCR) regarding HHI's new spin off company, HEES, based on information obtained (1) during the course of the 2014/2015 and 2015/2016 administrative reviews, (2) *via* public search and the phone conversation with a representative retained by ABB Inc.'s (ABB's or the petitioner's) counsel, and (3) from U.S. Customs and Border Protection (CBP) data.⁴

Scope of the Order

The scope of this *Order* covers large liquid dielectric power transformers having a top power handling capacity greater than or equal to 60,000 kilovolt amperes (60 megavolt amperes), whether assembled or unassembled, complete or incomplete.

¹ See *Large Power Transformers from the Republic of Korea: Antidumping Duty Order*, 77 FR 53177 (August 31, 2012) (the *Order*).

² See *Large Power Transformers from the Republic of Korea: Final Results of Antidumping Duty Administrative Review; 2014-2015*, 82 FR 13432 (March 13, 2017) (2014/2015 *Final Results*).

³ See *Large Power Transformers from the Republic of Korea: Final Results of Antidumping Duty Administrative Review; 2015-2016*, 83 FR 11679 (March 16, 2018) (2015-2016 *Final Results*).

⁴ See *Large Power Transformers from the Republic of Korea: Initiation of Antidumping Duty Changed Circumstances Review*, 82 FR 57210 (December 4, 2017) (*Initiation Notice*).

Incomplete LPTs are subassemblies consisting of the active part and any other parts attached to, imported with or invoiced with the active parts of LPTs. The “active part” of the transformer consists of one or more of the following when attached to or otherwise assembled with one another: the steel core or shell, the windings, electrical insulation between the windings, the mechanical frame for an LPT.

The product definition encompasses all such LPTs regardless of name designation, including but not limited to step-up transformers, step-down transformers, autotransformers, interconnection transformers, voltage regulator transformers, rectifier transformers, and power rectifier transformers.

The LPTs subject to this *Order* are currently classifiable under subheadings 8504.23.0040, 8504.23.0080, and 8504.90.9540 of the Harmonized Tariff Schedule of the United States (HTSUS). Although the HTSUS subheadings are provided for convenience and customs purposes, the written description of the scope of this *Order* is dispositive.

Methodology

We are conducting this CCR in accordance with section 751(b)(1) of the Act. For a full description of the methodology underlying our analysis, *see* the accompanying Preliminary Decision Memorandum.⁵

Preliminary Results of Changed Circumstances Review

In accordance with 19 CFR 351.216, we preliminarily determine that HEES is the successor-in-interest to HHI. Record evidence, as submitted by HHI and HEES (collectively,

⁵ *See* Memorandum to Gary Taverman, Deputy Assistant Secretary for Antidumping and Countervailing Duty Operations, performing the non-exclusive functions and duties of the Assistant Secretary for Enforcement and Compliance, entitled “Preliminary Results of Changed Circumstances Review Regarding Successor-In-Interest Analysis: Large Power Transformers from the Republic of Korea” dated concurrently with this notice (Preliminary Decision Memorandum).

Hyundai), indicates that, based on the totality of the circumstances under Commerce's successor-in-interest criteria, HEES's day-to-day operations, corporate and management structure, and ownership are materially similar to those of HHI before the spin-off with respect to the merchandise under review. Moreover, we preliminarily find that HEES assumed HHI's production facilities, supplier relationships, and the customer base with regard to the merchandise under review. For the complete successor-in-interest analysis, including discussion of business proprietary information, refer to the accompanying Preliminary Decision Memorandum.

Therefore, based on record evidence, we preliminarily determine that as the successor-in-interest to HHI, HEES should receive the same antidumping duty treatment with respect to the subject merchandise as HHI, and that the rate assigned to HHI is the rate for HEES as a result of our successor-in-interest finding.

Further, as a result of Hyundai's corporate reorganization, HEES has been entering subject merchandise at the lower all-others cash deposit rate as opposed to the cash deposit rate applicable to HHI. Because we preliminarily find that HEES is the successor-in-interest to HHI, we also preliminarily determine that, as a result of Hyundai's business decision to spin off HEES and for HEES to enter subject merchandise as the manufacturer and/or exporter, the efficacy of the *Order* is undermined, depriving the domestic industry of the full magnitude of the remedy *via* the payment of appropriate cash deposits applicable to HHI. Therefore, to maintain the effectiveness of the *Order* and to provide the adequate relief to the domestic industry, we preliminarily determine that the unique facts of this CCR warrant the retroactive application of the cash deposit rate to the effective date of the first entry by HEES. If we continue to reach the

same determination at the final results of this CCR, we will instruct CBP to collect the cash deposits accordingly.

Public Comment

Pursuant to 19 CFR 351.310(c), any interested party may request a hearing within 30 days of publication of this notice in the *Federal Register*. In accordance with 19 CFR 351.309(c)(1)(ii), interested parties may submit case briefs not later than 30 days after the date of publication of this notice. Rebuttal briefs, limited to issues raised in the case briefs, may be filed no later than five days after the case briefs, in accordance with 19 CFR 351.309(d). Parties who submit case or rebuttal briefs are encouraged to submit with each argument: (1) A statement of the issue; (2) a brief summary of the argument; and (3) a table of authorities. All comments are to be filed electronically *via* Enforcement and Compliance's Antidumping and Countervailing Duty Centralized Electronic Service System (ACCESS) and must also be served on interested parties. Access to ACCESS is available to registered users at <http://access.trade.gov> and is available to all parties in the Central Records Unit, Room B8024 of the main Department of Commerce building. An electronically filed document must be received successfully in its entirety by ACCESS by 5:00 p.m. Eastern Time on the day on which it is due.⁶

Consistent with 19 CFR 351.216(e), we will intend to issue the final results of this changed circumstances review no later than 270 days after the date on which this review was initiated, or within 45 days if all parties agree to our preliminary finding.

⁶ See 19 CFR 351.303(b).

Notification to Interested Parties

This notice is published in accordance with sections 751(b)(1) of the Act and 19 CFR 351.216(b), 351.221(b) and 351.221(c)(3).

Dated: May 24, 2018.

Gary Taverman,
Deputy Assistant Secretary
for Antidumping and Countervailing Duty Operations,
performing the non-exclusive functions and duties of the
Assistant Secretary for Enforcement and Compliance.

Appendix I

List of Topics Discussed in the Preliminary Decision Memorandum

- I. Summary
- II. Background
- III. Scope of the Order
- IV. Successor-In-Interest Determination
- V. Retroactive Application of HHI's Cash Deposit Rate to HEES
- VI. Recommendation

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